



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0670	Title:	Retirement systems reports on actuarial costs and other items
Primary Sponsor:	Himmelberger, Dennis	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other - Pension Fund	\$0	\$9,389	\$0	\$10,185
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other - Pension Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact:

HB 670 would require additional analysis of all changes in benefits or membership. This analysis will be most pronounced following each legislative session, adding approximately 10% to the cost of the actuarial valuations completed following each legislative session. No additional cost is anticipated in the interim between sessions.

FISCAL ANALYSIS

Assumptions:

Teacher Retirement System (TRS)

1. The actuarial analysis required to determine the cost of any changes in membership or plan benefits will be conducted in conjunction with the normal actuarial valuations of the Teachers Retirement System (TRS).
2. The actuarial analysis required under this legislation will be most pronounced in the valuations following each legislative session, or special session, and any additional cost will be subject to the number of bills

adopted. If a relatively few number of bills are passed by the legislature, the cost of completing the valuation is not expected to increase more than 10%.

3. The cost of the TRS actuarial valuation for FY 2006 was \$34,500, with the cost of future valuations assumed to increase 3.0% per year.

Montana Public Employees Retirement Administration (MPERA)

4. The actuarial analysis required to determine the cost of ANY changes in membership or plan benefits will be conducted in conjunction with the normal actuarial valuations of the System.
5. The actuarial analysis required would happen in conjunction with the normal valuation, resulting in a 10% increased cost of completing actuarial valuations.
6. The cost of the MPERA actuarial valuations for FY 2006 was \$54,000. This was the cost for the actuary to perform valuations on eight separate systems.
7. The cost of future valuations assumed to increase 3.0% per year.

	FY 2006				
	Base	FY 2008	FY 2009	FY 2010	FY 2011
TRS	\$34,500	\$0	\$3,660	\$0	\$3,883
MPERA	\$54,000	\$0	\$5,729	\$0	\$6,302
Total	\$88,500	\$0	\$9,389	\$0	\$10,185

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$0	\$9,389	\$0	\$10,185
TOTAL Expenditures	\$0	\$9,389	\$0	\$10,185
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other - Pension Fund (09)	\$0	\$9,389	\$0	\$10,185
TOTAL Funding of Exp.	\$0	\$9,389	\$0	\$10,185
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other - Pension Fund (09)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other - Pension Fund (09)	\$0	(\$9,389)	\$0	(\$10,185)

Sponsor's Initials

Date

Budget Director's Initials

Date